

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 EB-07 IGA-01 AGR-05 OMB-01

TRSE-00 ABF-01 PC-01 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 FS-01 /079 W

----- 000257

R 201230Z AUG 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 3254

C O N F I D E N T I A L COLOMBO 2612

EO 11652: GDS

TAGSC PFOR, CE, US

SUBJ: PL-480 ISSUE AGAIN RAISED BY FINANCE MINISTER

REF: A) COLOMBO 2143 B) COLOMBO 2557 C) COLOMBO 2610

1. FINANCE MINISTER N.M. PERERA AGAIN RAISED
ISSUE OF ALLEGED MISUSE OF PL 480 RUPEES IN AUG 19
LETTER TO PRIME MINISTER BANDARANAIKE, REPORTED
REFTEL C. HE REFERRED TO THE "UNEXPLAINED SUDDEN DISBURSEMENT
OF MORE THAN 15 MILLION RUPEES BY THE US
EMBASSY IN 1969" AND IMPLIED THESE WERE USED ILLEGALLY
IN 1970 GENERAL ELECTION. PERERA ALSO SAID ALLEGED LOAN HAD
NOT BEEN REPORTED TO PARLIAMENT NOR WAS THERE ANY EVIDENCE
RUPEES HAD ENTERED GOVERNMENT EXPENDITURE.

2. PRIME MINISTER BANDARANAIKE IS FULLY AWARE OF
DETAILS OF 1969 RS 15 MILLION LOAN AND PRESUMABLY
PERERA KNOWS DETAILS AS WELL OR CAN READILY OBTAIN
INFO FROM WITHIN GSL. SEEMS OBVIOUS THEREFORE
THAT PERERA'S NEW ALLEGATION IS WEAK EFFORT
TO REPLY TO PM'S AUG 14 CHALLENGE TO HIM TO BACK
UP HIS CHARGES WITH FACTS (COLOMBO 2557). SINCE LATEST
ALLEGATIONS ARE CONTAINED IN BODY OF LETTER AND ONLY INDIRECTLY
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CHARGE USG WITH IRREGULARITIES, PL 480 ISSUE HAS NOT

BEEN GIVEN SPECIAL PROMINENCE IN SRI LANKA PRESS.

3. AMB DISCUSSED MATTER WITH PRIME
MIN ATER'S SECRETARY DHARMASIRI PIERIS AFTERNOON
AUG 20 WHO, IN TURN, DISCUSSED IT WITH PM.
AMB EXPRESSED REGRET USG HAD AGAIN BEEN INVOLVED
IN WHAT IS ESSENTIALLY INTERNAL MATTER WITHIN SRI
LANKA GOVT. PIERIS EXPLAINED PM PLANNED TO
SEND PRIVATE REPLY TO PE
ORA ON AUG 20. AS PART
OF THIS REPLY SHE WILL TOUCH ON PL 480 QUESTION,
NOTING THAT, AS FINANCE MINISTER, HE SHOULD HAVE NOWN
HOW AND WHERE RS 15 MILLION HAD BEEN SPENT.

4. AMB TOLD PIERIS THAT HE HAD LONG-STANDING
INVITATION TO MEET WITH TWO CEYLONSE PRESS ASSOCIATIONS
EVENING OF AUG 20, SIMILAR MEETINGS HAVING
PREVIOUSLY BEEN HELD WITH SOVIET AMB AND
BRITISH HIGH COMMISSIONER. WE WISHED PLAY LATEST
PERERA CHARGE IN VERY LOW KEY BECAUSE WE DID NOT WANT
TO BE DRAWN FURTHER INTO CURRENT CABINET CRISIS.
HOWEVER, IF ASKED ABOUT PERERA'S ALLEGATIONS, WE
WOULD BE PREPARED TO PROVIDE FACTUAL BACKGROUND ON
1969 LOAN.

5. AMB ADDED THAT ALTHOUGH HE DID NOT CON-
SIDER PERERA'S RECENT ALLEGATION IN SAME
CATEGORY AS HIS MAY DAY OUTBURST, IT WOULD BE HELPFUL
IF GSL COULD FIND APPROPRIATE OPPORTUNITY TO CORRECT
PUBLIC RECORD.
VAN HOLLEN

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NNN

Message Attributes

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Margaret P. Grafeld
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